



**JOINT INFORMATIONAL HEARING
Senate Energy, Utilities and Communications
And
Assembly Utilities and Commerce**

**The American Recovery and Reinvestment Act of 2009: Energy and
Telecommunications Stimulus
State Capitol, Room 3191
March 17, 2009
9:30 am**

**Department of Community Services and Development (CSD)
Testimony by Lloyd Throne, Director,
on the U.S. Department of Energy Weatherization Assistance Program**

The Weatherization Assistance Program is authorized under Title IV, Part A, of the Energy Conservation and Production Act, as amended (42 USC 6851 through 6872), and implementing regulations 10 CFR Part 440).

Weatherization Assistance Program Overview

The U.S. Department of Energy administers the Weatherization Assistance Program (DOE WAP) funds which are allocated to States annually based on a formula described in federal regulations. The Department of Community Services and Development (CSD) is designated California's DOE WAP administrator.

The purpose of the DOE WAP is to increase the energy efficiency of dwellings owned or occupied by low-income persons, reduce their total expenditures on energy, and improve their health and safety. DOE WAP has a special interest in addressing these needs for low-income persons who are particularly vulnerable, such as the elderly, disabled persons, and families with children, as well as those with high energy usage and high energy burdens.

CSD has administered California's DOE WAP for over 30 years through its statewide network of local government and private non-profit community based organizations. CSD has a strong infrastructure in place to deliver low-income weatherization services and other energy conservation and efficiency measures throughout the State, and leverages its DOE funding with federal Low-Income Home Energy Assistance Program (LIHEAP) resources to extend services to additional low-income households.

Typical weatherization measures include weather-stripping, insulation, caulking, water heater blankets, refrigerator replacement, microwave oven, electric water heater repair/replacement, heating and cooling system repair/replacement, compact fluorescent light bulbs, minor envelope repair, windows, sliding glass door repair/replacement, programmable thermostats, and carbon monoxide detectors.

Low-income households pay about 16 percent of their annual income on energy, compared with 5 percent for median-income households, and often cut back on food and other necessities to pay their energy bills.

2009 American Recovery and Reinvestment Act (ARRA)

The Obama Administration is making weatherization the centerpiece of the economic recover strategy and national energy policy because of the program's ability to:

- Stimulate job growth in local communities
- Stimulate local economies by freeing up household incomes that would have been spent on energy bills
- Reduce carbon emissions and dependency on foreign oil

- Achieve long-term energy savings and reduce the financial energy-burden of low income households

Under the ARRA, California will receive \$185.8 million in DOE WAP, as compared to an average annual allocation of \$6 to \$7 million. DOE will release the stimulus funding to states in the following increments: 10% upon the submission of an initial application, due March 23, 2009; 40% after the submission and approval of State Plan; and the remaining fifty percent upon the state's demonstration of adequate performance.

CSD uses 5% of the DOE WAP grant for administration. Remaining funds (minus a Training and Technical set aside) are distributed to its statewide network of local government and private non profit community based organizations using a three-factor formula that is based on low-income population, heating and cooling degree days, and energy costs.

Service Delivery and Capacity

For over 25 years, CSD and its network energy service providers have successfully delivered energy assistance services to low-income Californians, and more specifically, delivered DOE funded weatherization services to over 147,992 low-income dwellings statewide.

The significant funding increase will require CSD's energy provider network to expand its service capacity by hiring additional weatherization, office, outreach and intake staff, as well as expanding subcontractors and vendors.

CSD is taking the following steps to ensure that local providers will be able to meet the challenges of the ARRA:

- 1) CSD has strongly encouraged local energy providers to prepare and implement strategic capacity-building plans that include partnerships and subcontracts with the local nonprofit and for-profit business community.
- 2) The provisions of the ARRA increase the training and technical assistance budget of the state grant to 17% to support and fund state level training and technical assistance activities. CSD will use these funds to support the added expansion and building of a skilled and trained workforce, provide technical research, and maintain high service standards achieved through inspections of weatherized dwellings.
- 3) CSD is also working closely with the state's weatherization training centers to develop strategies to support the added demands for weatherization training.

It should be noted that CSD and its network of service providers have already begun expanding service capacity in response to the substantial growth of the federally-funded Low-Income Home Energy Assistance Program block grant, also administered by CSD.

Though the total funding increase is significant, we remain confident that the existing service infrastructure can be expanded in a timely and effective manner to not only meet the heightened requirements associated with the ARRA stimulus funding, but to continue delivery of complete and high quality weatherization services to low income Californians.

Coordination

Statewide: CSD currently serves on the Federal Energy Stimulus Team (FEST), a working group composed of representatives from: the Governor's Office, state agencies receiving (direct) energy economic stimulus funding, and the CPUC. This group has been convened to lead a state coordinated effort to guide the use of stimulus funding and to ensure that the funds are utilized in a manner that provides the greatest return, benefit, and support of state energy policy goals.

On March 13th, the FEST delivered a webinar to over 2000 participants on the various forms of energy economic stimulus funding entering the state and state coordination efforts.

PUC: CSD and the CPUC are working closely together to coordinate their respective low-income energy programs and leverage resources. A MOU by the two organizations is scheduled to be signed later today (March 17th). Future joint workshops are also planned.

Local: CSD's statewide network of energy providers works closely with on a local level with Workforce Investment Boards, faith based communities, community colleges, Boards of Supervisors, City Councils, Chambers of Commerce, and Community Development Block Grant and Home funded projects.

Outcomes

CSD will weatherize approximately 100,000 – 130,000 low-income households in 2009 - 2010 with DOE and LIHEAP funding.

According to the US. Dept of Commerce an estimated 27 jobs will be created for every \$1 million expended for weatherization.

DOE estimates that household energy costs will be reduced by \$418 annually.